

INTER-OFFICE MEMORANDUM

Office of Accounts and Control

TO: Chief Financial Officers
State Departments and Agencies

DATE: February 11, 2002

FROM: Lawrence C. Franklin, Jr., State Controller

SUBJECT: NEGATIVE LINES ON PURCHASE ORDERS PROHIBITED

Although the RISAIL system will accept a negative line on a purchase order, due to their undesirable effect on accounting transactions, you are hereby notified that negative line items should NEVER occur.

When creating purchase orders and requisitions ALL lines should be positive. My office completed an analysis of all purchase orders and found many that have negative charges. If the reason for the negative line is because agencies are trying to take a discount or apply a credit please see the attached procedure, there is a provision in BUYSPEED to handle these discounts.

If the negative line is to reduce the quantity ordered, change orders should be issued to the vendors to notify them of order reductions. The attached document provides a procedure for this. However, if there are at least two invoices created, you will be unable to create a change order reduction. The work around procedure to reduce releases against master blankets and Department small purchase orders is to final pay all lines on the purchase order and create a clone that reflects the appropriate (unreceived/uninvoiced) balances in all of the line items. The new purchase order should include a descriptive change order narrative, explaining the reduction of the original purchase order and should be sent to the vendor to notify him/her of the change.

My office will address any negative line in the accounting tab and we will continue to monitor this event to ensure that it does not happen in the future. Please be aware of this change as it may affect payments against the purchase order when the vendor bills you.

Please make sure that all persons in your agency creating and approving requisitions purchase orders and invoices are aware of this policy and are prepared to take corrective action.

/hh
CFO:02-33



RISAIL POLICY AND PROCEDURE

The following procedures should be used where negative values (costs) must be calculated.

DISCOUNTS & TRADE-INS

When contracts are negotiated for discounts, the discounts will be described in narrative form, e.g., 40% off list price.

The screenshot displays the BuySpeed software interface. The main window is titled "(BLANKET) Document Manager (PO - 68M00210081-0)". It features a menu bar (File, Edit, Topics, Utilities, View, Window, Help) and a toolbar with various icons. The central area contains a table with columns: Item, Pmt. Seq., Quantity, Unit Cost, UOM, Discount %, Discount \$, and Total. The table has one row with values: 1, 0.100, 0.00, 0.00, EA, 0.00, \$0.00, \$0.00. Below the table are several input fields and buttons, including "Class Look-Up", "Class Item Look-Up", "Class Item Alias Look-Up", "Class:", "Class Item:", "Select from contract by commodity code", "Tax Rate:", "Tax Amount:", "Freight:", "Extended Amount:", and "Object of Exp:". A description box contains the text "ADDITIONAL CATALOG ITEMS AT 40% DISCOUNT FROM LIST". At the bottom, there are tabs for "Item General", "Item Additional", "Item Address", "Item Account", and "Item Notes". The "Item General" tab is active, showing fields for "General", "Items", "Address", "Notes", "Routing", "Accounting", "Chg Order (2)", "Control", and "P. O.". The status bar at the bottom indicates "Ready" and "68HPC000 | 32 Msg(s) | AS | Warm Data!!!!".

Item	Pmt. Seq.	Quantity	Unit Cost	UOM	Discount %	Discount \$	Total
1	0.100	0.00	0.00	EA	0.00	\$0.00	\$0.00

Class Look-Up: [] Class Item Look-Up: [] Class Item Alias Look-Up: []
Class: []
Class Item: []
Select from contract by commodity code []
Tax Rate: []
Tax Amount: \$0.00
Freight: \$0.00
Extended Amount: \$0.00
Object of Exp: []
Description: [ADDITIONAL CATALOG ITEMS AT 40% DISCOUNT FROM LIST]
Item: []
Narrative: []

Item General | Item Additional | Item Address | Item Account | Item Notes
General | Items | Address | Notes | Routing | Accounting | Chg Order (2) | Control | P. O.

Ready | 68HPC000 | 32 Msg(s) | AS | Warm Data!!!!

RISAIL POLICY AND PROCEDURE

Requisitions, bids and purchase orders where discounts OR trade-ins are applied should use the discount field available in RISAIL. See samples below.

BuySpeed

File Edit Topics Utilities View Window Help

New Req Open Req Reporting In-Box Text Process System Stat Help Topics Exit

Save Print User Print Sec Size List Editor Show Items Locate/Copy States PHG Inf. Quote Cut Copy Paste Clear Select All Undo Find Replace First Page Prior Page

(BLANKET) Document Manager (PO - 68M00210081-1)

Item	Prt. Seq.	Quantity	Unit Cost	UOM	Discount %	Discount \$	Total
5	4.000	8.00	3.33	EA	40.00	(\$10.66)	\$15.98
Class Look-Up Class Item Look-Up Class Item Alias Look-Up							Tax Rate:
Class:							Tax Amount:
Class Item:							Freight:
Select from contract by commodity code							Extended Amount:
Description: STUFF							Object of Exp:
Item Narrative							
6	6.000	5.00	10.00	EA	0.00	(\$20.00)	\$30.00
Class Look-Up Class Item Look-Up Class Item Alias Look-Up							Tax Rate:
Class:							Tax Amount:
Class Item:							Freight:
Select from contract by commodity code							Extended Amount:
Description: MORE STUFF							Object of Exp:
Item Narrative							

Item General Item Additional Item Address Item Account Item Notes

General Items Address Notes Routing Accounting Chg Order (1) Control P. O.

Ready 68HPC000 32 Msg(s) JAS Warm Data!!!

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When discounts and trade-ins are utilized, the "permit to pay" on the invoice will be calculated using the net value (e.g., list – discount) of the unit cost times the quantity received. This means that, even with trade-ins, when there are partial receipts, the discounted amount will be spread across all invoices. For example, if there are 5 items at \$10, each time a receipt is recorded, 60% of the list price will be calculated for each item.

When a trade-in is used, the system calculates the percent to apply to each receipt. For example, there could be two new cars being purchased at \$10,000 each and only a single vehicle trade-in valued at \$500. If the new vehicles were delivered and paid for at separate times, the system would deduct \$250 from \$10,000 to calculate the permit-to-pay as each new vehicle is invoiced.

RISAIL POLICY AND PROCEDURE

APPLYING A CREDIT FROM A PREVIOUS PURCHASE

To apply a credit from a previous purchase, prepare current invoice in standard manner.

BuySpeed

File Edit Topics Utilities View Window Help

New Req Open Req Reporting In-Box Text Process System Stat Help Topics Exit

Save Print Cut Copy Paste Clear Select All Undo First Page Prior Page Next Page Last Page Close

Invoice Entry for (HPC LAB2)

Header Lines Accounting Notes

New Invoice Look-Up Invoice

Item	PO Qty.	Recv. Qty.	Prev Invc \$.	Permit to Pay	Invc. Amt.	Pay Item	Pay 1099	Final Pay	Special Hand	Project ID	Item Description
1	2	2	750.00	750.00	750.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		SPECTROPHOTOMETER, MODEL

Set all Invoice Items to (Pay Item and Invoice Amount - Permit to Pay)

Set Invoice Status to "Ready for A/P Review"

Total Invoice Payment: \$750.00
Freight / Handling Misc Cost: \$0.00
Grand Total: \$750.00

Ready 75DAA000 DA Training! 75G

Start Microsoft Access Microsoft Excel Microsoft Word - policy... BuySpeed - \Rem...

Click on the "Misc etc." button on the header screen.

, Final Pay All: ☐, Dept. Approval: ☒, Payment Date: 01/18/2002, Requires Dept. Approval: ☒, User ID: , P.O. / Rel Nbr: 75G00210231, P.O. Amount: \$1,500.00, Remaining To Invoice: \$750.00, Buyer: 68HPC000, Handling Code: Mail To Vendor, Payment Terms: , Payment Discount: 0%, Paid - Bank/Check: 1B10 BANK BOSTON / GF-VENDOR, Vendor Number: 000001, Address Grp: 01, Federal ID: 050486912, Short Name: 1145 MAIN STREE, Vendor Name: 1145 MAIN STREET ASSOCIATES, V.P. button, 129 DORRANCE ST, PROVIDENCE RI 02903, more... button, Remit Text: . A button 'Click Here to Add / Edit or View Retainage, Misc Charges or Freight' is also present. The status bar at the bottom shows 'Ready', '75DAA000', 'DA Training!', '75G', and a taskbar with various applications including Microsoft Access, Excel, Word, and BuySpeed."/>

BuySpeed

File Edit Topics Utilities View Window Help

New Req Open Req Reporting In-Box Text Process System Stat Help Topics Exit

Save Print Cut Copy Paste Clear Select All Undo First Page Prior Page Next Page Last Page Close

Invoice Entry for (HPC LAB2)

Header Lines Accounting Notes

New Invoice Look-Up Invoice

Invoice Nbr: HPC LAB2

Invoice Status: Invoice In Progress

Invoice / Eff Date: 01/18/2002

Invoice Type: 3 way matching

Invoice Amt: 750.00

Quick Pay: ☐ Final Pay All: ☐ Dept. Approval: ☒ Payment Date: 01/18/2002 Requires Dept. Approval: ☒ User ID:

P.O. / Rel Nbr: 75G00210231

P.O. Amount: \$1,500.00

Remaining To Invoice: \$750.00

Buyer: 68HPC000

Handling Code: Mail To Vendor

Payment Terms:

Payment Discount: 0%

Paid - Bank/Check: 1B10 BANK BOSTON / GF-VENDOR

Vendor Number: 000001

Address Grp: 01

Federal ID: 050486912

Short Name: 1145 MAIN STREE

Vendor Name: 1145 MAIN STREET ASSOCIATES

V.P. 129 DORRANCE ST PROVIDENCE RI 02903 more...

Remit Text:

Click Here to Add / Edit or View Retainage, Misc Charges or Freight

Ready 75DAA000 DA Training! 75G

Start Microsoft Access Microsoft Excel Microsoft Word - policy... BuySpeed - \Rem...

RISAIL POLICY AND PROCEDURE

Click in the field "Add a Misc or Freight Charge" and then on the "Process Your Selection" button. Select the correct account numbers and cost centers. Enter the amount to be credited using a minus sign in front of the amount.

BuySpeed

File Edit Topics Utilities View Window Help

New Req Open Req Reporting In-Box Text Process System Stat Help Topics Exit

Invoice Retainage, Freight and Misc. Charges

Invoice: HPC LAB2 Vendor: 000001 PO Nbr.: 75G00210231 0

Retainage To Date: .00 Retainage Percent Set on PO: 0.00

Select a process to perform by checking the desired checkbox and clicking the 'Process Your Selection' button to process.

☐ Withhold or Release Retainage on this Invoice
☐ Show Retainage Transactions for Purchase Order
☐ Add a Misc. or Freight Charge for this Invoice

☒ Show or Edit Header Transactions for this Invoice
☐ Show or Edit Item Transactions for this Invoice

Process Your Selection

Cancel

Remit Text:

SAVE and then "x" out of the screen.

BuySpeed

File Edit Topics Utilities View Window Help

New Req Open Req Reporting In-Box Text Process System Stat Help Topics Exit

Invoice Retainage, Freight and Misc. Charges

Invoice: HPC LAB2 Vendor: 000001 PO Nbr.: 75G00210231 0

Retainage To Date: .00 Retainage Percent Set on PO: 0.00

Event Type / Item	Account Code	FY	Object	Dollar Amt
Freight/Misc. 0	1075.21601171.652990.0000	02	00.0000000000	-25.00 (\$25.00)

Add Item Re-Select Process Cancel Print Save

Remit Text:

RISAIL POLICY AND PROCEDURE

Add a note on the invoice referencing what is being credited.

BuySpeed
File Edit Topics Utilities View Window Help

New Req Open Req Reporting In-Box Text Process System Stat Help Topics Exit

Save Print Cut Copy Paste Clear Select All Undo First Page Prior Page Next Page Last Page Close

Invoice Entry for (HPC LAB2)

Header Lines Accounting Notes New Invoice Look-Up Invoice

Invoice Nbr: HPC LAB2 Vendor Nbr: 000001 Vendor Grp: 01
Entered Date: 01/18/2002 Updated Date: 01/18/2002
Entered User: 75DAA000 Updated User: 75DAA000
Invoice Note: CREDIT FOR INVOICE 1234, ITEM #3 RETURNED

Ready [75DAA000] [DA] [Training!] [75G]
Start Microsoft Access - [QR... Microsoft Excel Microsoft Word - policy... BuySpeed - \Rem... 4:58 PM

The credit will show on the "freight" line.

BuySpeed
File Edit Topics Utilities View Window Help

New Req Open Req Reporting In-Box Text Process System Stat Help Topics Exit

Save Print Cut Copy Paste Clear Select All Undo First Page Prior Page Next Page Last Page Close

Invoice Entry for (HPC LAB2)

Header Lines Accounting Notes New Invoice Look-Up Invoice

Item	PO Qty.	Recv. Qty.	Prev Inv. \$.	Permit to Pay	Inv. Amt.	%	Pay Item	Pay 1099	Final Pay	Special Hand	Project ID	Item Description
1	2	2	750.00	750.00	750.00		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		SPECTROPHOTOMETER, MODEL

Set all Invoice items to (Pay Item and Invoice Amount - Permit to Pay)
Set Invoice Status to "Ready for A/P Review"

Total Invoice Payment: \$750.00
Freight / Handling Misc Cost: (\$25.00)
Grand Total: \$725.00

Ready [75DAA000] [DA] [Training!] [75G]
Start Microsoft Access - [QR... Microsoft Excel Microsoft Word - policy... BuySpeed - \Rem... 5:01 PM

RISAIL POLICY AND PROCEDURE

The printed invoice will look like the following.

Document Print Preview

Zoom: 90

Zoom 25% Zoom 50% Zoom 75% Zoom 100%

Printed: 01/18/2002

Page 1 of 1

State of Rhode Island and Providence Plantations

INVOICE

Vendor Number: 000001

Payment Date: 01/18/2002

Invoice Date: 01/18/2002

Department: HEALTH

Location: DOH.HEALTH LABS

PO/Release: 75G00210231 / 0

Federal ID: 050486912

Name: 1145 MAIN STREET ASSOCIATES

Description: REL 68M00210081 LAB SUPPLIES

Quick Pay ☐ Bank ID/Status: 001 / 411

Final Pay ☐ Check Number:

Invoice Number: HPC LAB2

Vendor Group: 01

Handling: Mail To Vendor

ITEM	PO QTY	RECV QTY	TOTAL INV \$	PERMIT TO PAY	INVC AMOUNT	PAY 1099
1	2 EA	2	\$750.00	\$750.00	\$750.00	N
Invoice Dollars:					\$750.00	

ITEM	EVTYPE/FY/ACCOUNT NUMBER	OBJ OF EXP	PERCENT	AMOUNT
0	Misc /02 1075.21601171.652990.0000	00.0000000000	100.0%	(\$25.00)
1	Enc /02 1075.21551011.634120.0000	NA	100.0%	\$1,500.00
Total Account Dollars:				\$1,475.00

REDUCE ENCUMBRANCES

If a purchase order has been issued in error and no receipts or payments have been recorded, a purchase order can be cancelled. If the purchase order has been sent to a vendor, the vendor must receive a change order notice of cancellation with a reason for the cancellation.

RISAIL POLICY AND PROCEDURE

If the quantity of the purchase order must be reduced, a change order should be issued. If the purchase order has been sent to a vendor, the vendor must receive a change order notice of cancellation. To create a change order, change the quantity in the quantity field of the appropriate line item.

BuySpeed

File Edit Topics Utilities View Window Help

New Req Open Req Reporting In-Box Test Process System Stat Help Topics Exit

Save Print Print Sec Size List Editor Show Items Locate/Copy States PHG Inf. Quote Cut Copy Paste Clear Select All Undo Find Replace First Page Prior Page

(BLANKET) Document Manager (PO - 68A00210180-0)

Purchase Order PO Sent (Printed or Emailed to the recipient)

PO Nbr: 68A00210180 0

Description: HPC TEST CANCEL STATUS

Department: ADMINISTRATION

Fiscal Year: 02

Purchaser: CHRISTY, HELEN

Actual Cost: \$345.00

Vendor: 001000

WASTE MANAGEMENT RI INC

SHIP TO DOA CENTRAL BUSINESS OFFICE
ADMINISTRATIVE SERVICES
PROVIDENCE RI 02908

Vendor DOA CENTRAL BUSINESS OFFICE
ADMINISTRATIVE SERVICES
PROVIDENCE RI 02908

Item	Prt. Seq.	Description	Quantity	UOM	Unit Cost	Total	Freight
1		STUFF	10.00	EA	15.00	\$150.00	0.00
2	2.000	MORE STUFF	15.00	EA	13.00	\$195.00	0.00

Total Items 2 \$345.00

General Items Address Notes Routing Accounting Chg Order Control P. O.

Ready | 68HPC000 | 32 Msg(s) | AS | Warm Data!!!

Start | Microsoft Word - policyneg... | BuySpeed | 6:07 PM

RISAIL POLICY AND PROCEDURE

When the quantity is changed, the value of the line item will be changed and the system will automatically generate a change order and will permit recalculation of the accounting data.

The screenshot shows the BuySpeed software interface. The main window is titled "(BLANKET) Document Manager (PO - 68A00210180-0)". It displays a Purchase Order (PO) for "HPC TEST CANCEL STATUS". The PO number is 68A00210180, and the department is ADMINISTRATION. The purchaser is CHRISTY, HELEN, and the vendor is WASTE MANAGEMENT RI INC. The PO is for \$270.00. The PO is sent (Printed or Emailed to the recipient). The PO is for DOA CENTRAL BUSINESS OFFICE, ADMINISTRATIVE SERVICES, PROVIDENCE, RI 02908. The PO is for a new PO, and the PO is for a new PO. The PO is for a new PO, and the PO is for a new PO.

Item	Prt. Seq.	Description	Quantity	UOM	Unit Cost	Total	Freight
1		STUFF	5.00	EA	15.00	\$75.00	0.00
2	2.000	MORE STUFF	15.00	EA	13.00	\$195.00	0.00

Total Items: 2, Total: \$270.00

The screenshot shows the BuySpeed software interface. The main window is titled "(BLANKET) Document Manager (PO - 68A00210180-0)". It displays a Change Order (CO) for the same PO. The CO is for a change in quantity. The CO number is 1.000, and the PO number is 68A00210180. The CO is for a change in quantity, and the CO is for a change in quantity. The CO is for a change in quantity, and the CO is for a change in quantity.

C.O. Approved Date: 01/16/2002 06:08 PM, PO Number: 68A00210180, Header Item Indicator: Item, Print Sequence: 1.000, Item Number: 1.000, C. O. Number: 1.000, Dollar Difference: (\$75.00)

Note: Change Order for Item
Quantity was/were changed.
Original Quantity = 10.00000 - New Quantity = 5.00000
Original extended amount was \$150.00.
Extended amount after change is \$75.00.

C.O. Approved Date: 01/16/2002 06:08 PM, PO Number: 68A00210180, Header Item Indicator: Header, Print Sequence: 0, Item Number: 0, C. O. Number: 0, Dollar Difference: \$0.00

Note: Change Order for Header

Attention! Change orders have been automatically created. Please review them before saving again.

Change Order Row 1 of 1

RISAIL POLICY AND PROCEDURE

The accounting transactions for the above sample show that the original extended value of line item number 1 (\$150) was encumbered. The change order created a reversal of the original \$150 and a new encumbered value of \$\$75.

Accounting Transaction Listing														
Trans Date/Time	Seq Num	Evt Typ	Rev ers	FY	Account Code / Project ID	Obj OF Exp	Doc Typ	Document Number	Rel's / Item	Trans Amount	Dr Site Cr ID	Stock Number	Vendor	User
01/16/2002 18:21:00	2	X	N	02	1076.24901021.633600.0000		P	68A00210180	0 1	75.00			001000	68HPC000
01/16/2002 18:21:00	1	X	R	02	1076.24901021.633600.0000		P	68A00210180	0 1	-150.00			001000	68HPC000
01/16/2002 18:05:24	2	X	N	02	1076.24901021.633600.0000		P	68A00210180	0 2	195.00			001000	68HPC000
01/16/2002 18:05:24	1	X	N	02	1076.24901021.633600.0000		P	68A00210180	0 1	150.00			001000	68HPC000
Event Type P Count:										0	P Amount:			
Event Type E Count:										0	E Amount:			
Event Type X Count:										4	X Amount:			
Event Type I Count:										0	I Amount:			
Event Type C Count:										0	C Amount:			
Event Type Z Count:										0	Z Amount:			
Other Event Types Count:										0	Other Amount:			
Transaction Total Count:										4	Total Amount:			

However, if any invoices have been processed the system will not permit any change orders, including reductions. Such transactions must be requested in writing according to the procedure established by the Controller.

RISAIL POLICY AND PROCEDURE

REVERSAL OF RELEASES AGAINST MASTER BLANKETS

Every Master Blanket has a Control Value. This is the maximum amount authorized for releases against a particular Master.

BuySpeed

File Edit Topics Utilities View Window Help

New Req Open Req Reporting In-Box Text Process System Stat Help Topics Exit

Save Print Number Print Seq Size List Editor Show Items Locate/Copy Status PHG Inf. Quote Cut Copy Paste Clear Sol

(BLANKET) Document Manager (PO - 68M00210870-0)

PO Number/Release: 68M00210870 0 Click to Show Purchases ==>

Department: AGY

Blanket Begin: 02/01/2001

Blanket End: 01/31/2003

Blanket Dollar Limit: \$330,000.00

Blanket Dollar To Date: \$99,959.07

Blanket Dollar Minimum: \$0.00

Control Type: Blanket Control

Purge Date:

Page 1 of 1

General Items Address Notes Routing Accounting Chg Order Control Custom P. O.

Department number prefix 68HPC000 219 Msg(s) AS Hot Data!!!

Start Microsoft Word BuySpeed 5:08 PM

Each release against a Master Blanket is added to a “Blanket Dollar to Date” amount which is compared in RISAIL to the amount of the Control Value. When a release is cancelled, the amount is deducted from the Blanket Dollar to Date amount.

If there have been no payments, to reverse a release, prepare a change order the same way as described above.

If there is a payment against a release, you will not be able to create a reduced line item value. Final pay the line item(s) to close it (them) and then create a new line item(s) or new release with the correct amounts and accounts.

NOTE: When a release or item is Closed, the extended amount (value) is NOT deducted from the Blanket Dollar to Date amount. To permit the creation of additional releases or additional items, either the Blanket Dollar to Date field will have to be reduced or the Control Value will have to be increased. Current procedure is to increase the control value. We are working on another solution.

For changes in control value, Agencies should submit a Blanket Master Change Order forms to the Division of Purchases. It would be helpful for the request to indicate if there is a problem due to closed purchase orders.